

Message Text

UNCLASSIFIED

PAGE 01 SAO PA 02464 211905Z
ACTION ARA-14

INFO OCT-01 EUR-12 EA-12 NEA-10 ISO-00 EB-08 /057 W
-----067729 211957Z /66

P R 211717Z AUG 78
FM AMCONSUL SAO PAULO
TO USDOC WASHDC
SECSTATE WASHDC PRIORITY 8766
INFO AMEMBASSY BRASILIA
AMEMBASSY LONDON
AMEMBASSY MEXICO
AMEMBASSY PARIS
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
AMEMBASSY TAIPEI
AMEMBASSY TEHRAN
AMCONSUL MILAN
AMCONSUL SYDNEY
AMEMBASSY BONN

UNCLAS SAO PAULO 2464

E.O.11652: N/A
TAGS: BEXP, BR
SUBJECT: BEXP, BR
SUBJECT: CENTRALIZED PROMOTION CONTRACT FOR TRADE CENTERS AND ICM'S

1. S. P. T. C. HAS JUST RECEIVED A COPY OF THE CY 1979 CENTRALIZED MARKET PROMOTION CONTRACT UNDER THE COVER OF A MEMORANDUM FROM RICHARD GARNITZ, DIRECTOR OF OIM, REQUESTING COMMENTS BEFORE AUGUST 22. AFTER THOROUGH STUDY OF THE CONTRACT, THE S. P. T. C. FEELS VERY STRONGLY THAT THE CONCEPT IS IMPRACTICAL FOR BRAZIL AND REQUESTS NOT TO BE INCLUDED UNDER THE GLOBAL CONTRACT.

2. THERE ARE VIRTUALLY NO PUBLIC RELATIONS AGENCIES IN SAO PAULO WHO CAN PROVIDE THE SERVICES REQUIRED BY THE TRADE CENTER. AFTER A POOR EXPERIENCE WITH A LOCAL ADVERTISING FIRM, A LONG
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SAO PA 02464 211905Z

SEARCH IDENTIFIED ONLY TWO ACCEPTABLE FIRMS, ONE OF WHICH IS THE LOCAL
SUBSIDIARY OF BURSON-MARSTELLER (THE OTHER IS BRAZILIAN IS NOT AFFILIATED WITH ANY AMERICAN FIRM). THE TRADE CENTER HAS DEVELOPED THE WORKING RELATIONSHIP WITH BURSON MARSTELLER TO THE POINT WHERE THE RESPECTIVE STAFFS MESH TOGETHER VERY WELL AND THE MARKET

PROMOTION ACTIVITIES ARE FUNCTIONING SMOOTHLY AND, JUDGING BY THE EXHIBITIONS RESULTS, EXTREMELY EFFICIENTLY. BURSON-MARSTELLER'S

STAFF ASSIGNED TO THE TRADE CENTER, WHICH INCLUDES TWO AMERICANS, IS OF AS HIGH A QUALITY AS COULD BE FOUND ANYWHERE IN THE WORLD. ANY CHANGE IN MARKET CONTRACTORS WOULD HARM OUR MARKET PROMOTION ACTIVITIES.

EVEN THE BEST FIRM TAKES TIME TO TRAIN STAFF AND LEARN AN ACCOUNT; HOWEVER, IT IS HIGHLY UNLIKELY THAT ANY OTHER FIRM HERE IN SAO PAULO COULD PERFORM AS WELL AS OUR PRESENT CONTRACTOR, EVEN AFTER AN ADJUSTMENT PERIOD OF SIX MONTHS. THE PROPOSED CHANGE IN CONTRACTORS BECOMES EVEN MORE UNFAVORABLE WHEN WE CONSIDER COST TO THE GOVERNMENT, SINCE BURSON-MARSTELLER PROVIDES ITS SERVICES AT COST BECAUSE HERE IN BRAZIL WORK FOR THE TRADE CENTER IS CONSIDERED A PRESTIGE ACCOUNT; THE GLOBAL CONTRACTOR WOULD PROBABLY NOT LOOK AT THE ACCOUNT IN THIS WAY, NOT TO MENTION THE COSTS OF THE INEFFICIENCY OF FREQUENT WORLDWIDE COMMUNICATIONS AND BI-MONTHLY TRIPS SPECIFIED IN PROPOSED CONTRACT. THE S. P. T. C. ALSO REMINDS USDOC THAT THE SWITCH IN CONTRACTORS WOULD FALL IMMEDIATELY AFTER LOSING THREE T. C. POSITIONS AND DURING THE ARRIVAL OF A NEW DIRECTOR, WHO HAS NEVER LIVED OR WORKED IN BRAZIL.

3. THE TRADE CENTER UNDERSTANDS THAT THE FIRM COMPTON, WHICH CURRENTLY HOLDS THE LIMITED GLOBAL CONTRACT IN EFFECT FOR SEVEN TRADE CENTERS, IS COMPETING FOR THIS NEW CONTRACT. COMPTON
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SAO PA 02464 211905Z

HAS ONLY AN AFFILIATE IN SAO PAULO. AND THIS AFFILIATE IS EXCLUSIVELY AN ADVERTISING FIRM, NOT A PUBLIC RELATIONS FIRM. AN INITIAL INVESTIGATION INDICATES THAT THE LOCAL AFFILIATE WOULD NOT BE ABLE TO ASSUME THE WORK REQUIRED BY THE TRADE CENTER WITHOUT VERY SUBSTANTIAL ADJUSTMENTS ON BOTH ON THE PART OF THE FIRM AND ON THE PART OF THE TRADE CENTER.

4. THE TRADE CENTER ALSO FEELS THAT THE CONCEPT OF A CENTRALIZED MARKET PROMOTION CONTRACT WOULD SIMPLY NOT WORK IN BRAZIL. IN A WORLD AS VARIED AND CHANGING AS OURS, CONDITIONS DIFFER IMMENSELY FROM

ONE COUNTRY TO ANOTHER, AND ANY MULTINATIONAL COMPANY WOULD APPOINT PUBLIC RELATIONS CONSULTANTS IN EACH COUNTRY IN WHICH IT IS ACTIVE. BRAZIL IS UNIQUE BECAUSE OF ITS DISTANCE AND VARIED MARKET IN RIO DE JANEIRO, SAO PAULO, SOUTHERN AND NORTHEASTERN REGIONS AND MOST MULTINATIONALS RECOGNIZE THIS FACT BY SETTING UP BRAZILIAN SUBSIDIARIES WITH INDEPENDENT MARKETING OPERATIONS.

5. BRAZIL IS 6000 MILES AND \$1100 ROUNDTRIP FROM THE USA AND THE S. P. T. C. FEELS THAT THE PROCEDURES OUTLINED IN THE PROPOSED CONTRACT WOULD NECESSARILY RESULT IN A LESS EFFICIENT USE OF GOVERNMENT FUNDS AND MANPOWER. LARGE AMOUNT OF CORRESPONDENCE, TELEPHONE

CALLS AND DUPLICATION OF EFFORTS ARE LIKELY TO RESULT, NOT TO MENTION THE FREQUENT DELAYS RESULTING FROM THE SLOW POUCH AND INTERNATIONAL MAIL SERVICE. THE CONTRACT SPECIFICATIONS THAT THE CENTRAL MANAGEMENT GROUP SEND SOMEONE TO EACH TRADE CENTER AND IMC AT LEAST ONCE EVERY TWO MONTHS APPEARS TO BE A RECOGNITION OF THE SERIOUS COMMUNICATIONS AND COORDINATION DIFFICULTIES CERTAIN TO ARISE, BUT SUCH NUMEROUS SHORT TRIPS WILL DO LITTLE TO SOLVE THE DAILY CORRESPONDENCE PROBLEMS WHICH THE CENTRALIZATION CONCEPT BRINGS, WHILE THEY WILL INCREASE THE COSTS OF THE PROGRAM IMMENSELY.

6. WHAT IS LIKELY TO HAPPEN IN PRACTICE IS THAT THE VARIOUS TRADE CENTERS AND IMC'S WILL END UP IGNORING MUCH OF THE WORK AND TRAVEL OF THE CENTRALIZED MANAGEMENT, AS DEADLINES AND CHANGING UNCLASSIFIED

UNCLASSIFIED

PAGE 04 SAO PA 02464 211905Z

LOCAL CONDITIONS CONFRONT MARKETING PROMOTION OFFICERS: IT IS INTERESTING TO NOTE THAT OUR PRESENT MARKET CONTRACTOR, BURSON MARSTELLER, ALTHOUGH INTERESTED IN BIDDING ON THE GLOBAL CONTRACT FEELS IT COULD NOT PROVIDE ANY BETTER SERVICE UNDER THE NEW CONTRACT THAN IT PRESENTLY PROVIDES, AND COULD NOT PROVIDE SUCH CENTRALIZED SERVICES AT ANYWHERE NEAR THE CURRENT LOW COST.

7. THE S. P. T. C. THEREFORE, REQUESTS THAT IT BE EXCLUDED FROM THE GLOBAL MARKET PROMOTION CONTRACT, IF THE CONCEPT IS INDEED PUT INTO EFFECT. THIS MATTER IS OF CRUCIAL IMPORTANCE TO THE SUCCESSFUL OPERATION OF THE TRADE CENTER AND THE SUCCESSFUL PROMOTION OF US TRADE IN BRAZIL. POVENMIRE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SAOPA02464
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780341-0805
Format: TEL
From: SAO PAULO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780842/aaaabiod.tel
Line Count: 149
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 02ce5160-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1676188
Secure: OPEN
Status: NATIVE
Subject: BEXP, BR : CENTRALIZED PROMOTION CONTRACT FOR TRADE CENTERS AND ICM'S
TAGS: BEXP, BR
To: COM STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/02ce5160-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014